

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENRY COUNTY WATER)	
DISTRICT NO. 2 OF HENRY COUNTY, KENTUCKY,)	
FOR ORDER APPROVING CONSTRUCTION)	CASE NO.
FINANCING, CERTIFICATE OF PUBLIC CONVENIENCE)	96-378
AND NECESSITY, AND WATER RATES FOR FEDERALLY)	
FUNDED CONSTRUCTION PROJECTS)	

O R D E R

On August 9, 1996, Henry County Water District No. 2 ("Henry Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$9,395,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. Project funding includes a \$3,000,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD") formerly known as the Rural Economic and Community Development Service, a \$400,000 grant from the U. S. Department of Agriculture's Rural Business and Cooperative Development Service, a \$5,745,000 loan from the Kentucky Infrastructure Authority, and \$250,000 in Henry Water funds.

Henry Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory

completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on August 22, 1996, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that: °

1. Henry Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Henry Water's proposed plan of financing with RD is accepted.

3. Henry Water is authorized to issue bonds not to exceed \$8,745,000.

4. Henry Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

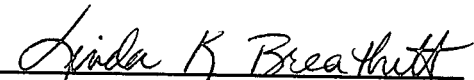
6. Henry Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Henry Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Henry Water shall take immediate action to bring the system into compliance with Commission regulations.


Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 12th day of September, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-378 DATED SEPTEMBER, 1996.

The following rates and charges are prescribed for the customers in the area served by Henry County Water District No. 2. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates:

First	1,500	Gallons	\$16.00	Minimum Bill
Next	3,500	Gallons	5.75	Per 1,000 Gallons
Next	5,000	Gallons	5.25	Per 1,000 Gallons
Next	10,000	Gallons	4.25	Per 1,000 Gallons
Next	30,000	Gallons	3.25	Per 1,000 Gallons
All Over	50,000	Gallons	2.20	Per 1,000 Gallons
Wholesale			\$2.20	Per 1,000 Gallons